

ORLEANS PUBLIC DEFENDERS
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12
BALANCE SHEET - GOVERNMENTAL FUND	13
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE I - Budgetary Comparison Schedule - Governmental Fund	28
OTHER SUPPLEMENTARY INFORMATION	
SCHEDULE II - Schedule of Compensation, Benefits and Payments to Chief District Defender	29
SCHEDULE II - Judicial System Funding Schedule - Receiving Entity	30
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENTAL AUDITING STANDARDS</i>	31
SCHEDULE OF FINDINGS	33
SCHEDULE OF PRIOR YEAR FINDINGS	34

INDEPENDENT AUDITORS' REPORT

To the Chief District Defender
Orleans Public Defenders
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund (general fund) information of **Orleans Public Defenders ("OPD")**, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise **OPD's** basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and major fund information of **OPD's**, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **OPD** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **OPD's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **OPD's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **OPD's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **OPD's** basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Chief District Defender and the Justice System Funding Schedule – Receiving Entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Chief District Defender and the Justice System Funding Schedule – Receiving Entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023, on our consideration of **OPD's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **OPD's** internal control over financial reporting and compliance.

Bruno & Tervalon, LLP

New Orleans, Louisiana

February 1, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

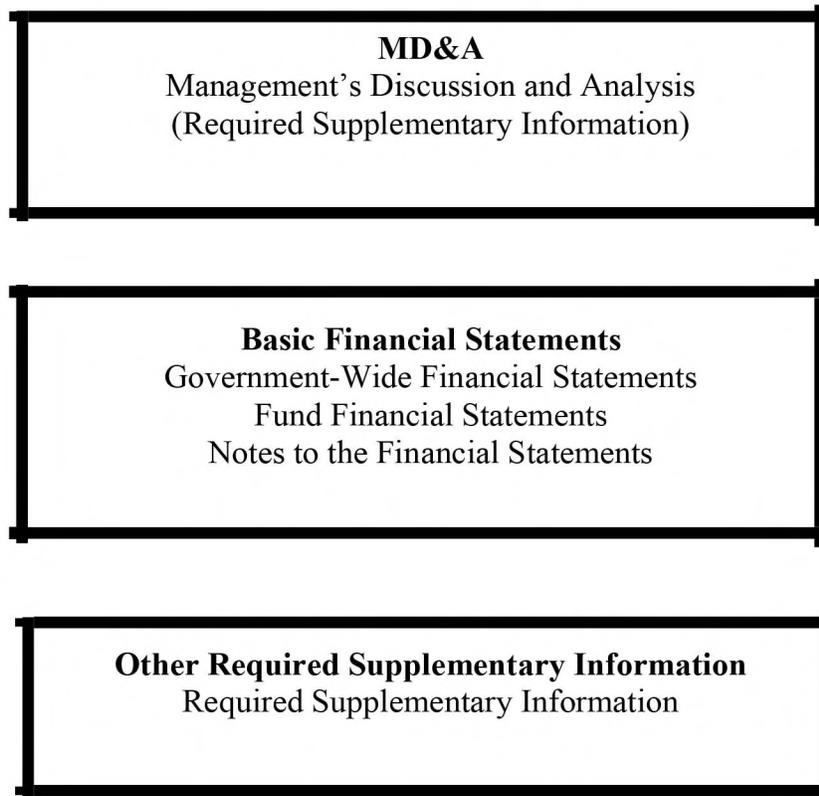
ORLEANS PUBLIC DEFENDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

The Orleans Public Defenders' (OPD) Management's Discussion and Analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of OPD's financial activity, and identify changes in OPD's financial position and its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and is intended to provide the financial results for the year ended June 30, 2022.

The following is an illustration on how this financial report is presented.



As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of OPD's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of OPD's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of OPD is improving or deteriorating.

ORLEANS PUBLIC DEFENDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

(Continued)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. **OPD**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of **OPD** are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and net change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OPD maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and net change in fund balance for the general fund, which is considered to be the major fund.

OPD adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 26 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning **OPD's** budgetary comparison schedule for its major governmental fund. The required supplementary information can be found on page 28 of this report.

ORLEANS PUBLIC DEFENDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

(Continued)

Financial Analysis of OPD

	<i>Summary of Net Position</i>		
	<i>As of</i>		
	June 30, 2022	June 30, 2021	Variance
Assets			
Current assets	\$ 6,901,117	\$ 3,539,684	\$ 3,361,433
Capital assets, net	69,275	24,825	44,450
Total assets	6,970,392	3,564,509	3,405,883
Liabilities			
Current liabilities	44,138	15,634	28,504
Long-term liabilities	97,341	88,152	9,189
Total liabilities	141,479	103,786	37,693
Net Position			
Net investment in capital assets	69,275	24,825	44,450
Restricted	44,746	111,783	(67,037)
Unrestricted	6,714,892	3,324,115	3,390,777
Total net position	\$ 6,828,913	\$ 3,460,723	\$ 3,368,190

As indicated by the statement above, total net position at June 30, 2022 is \$6,828,913. Net position is separated into three categories: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets of \$69,275 is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$231,909, which is an accumulation of capital assets year after year less any capital disposals. Accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, and expensed over the estimated useful life of the asset. Total accumulated depreciation is \$162,634.

Restricted net position of \$44,746 represents contributions from non-profit organizations whose use has been limited by donor-imposed stipulations that will either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

The remaining \$6,714,892 of net position is unrestricted. Unrestricted net position is an accumulation of prior years' operating results. This balance is directly affected each year by OPD's operating results.

ORLEANS PUBLIC DEFENDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022
(Continued)

	<i>Result of Operations</i>		
	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021	Variance
Revenues			
District Assistance Funds	\$ 2,626,730	\$ 3,434,031	\$ (807,301)
City appropriation	6,740,195	3,684,609	3,055,586
Court costs on fines and forfeitures	1,464,756	1,525,354	(60,598)
Other program revenues	1,247,536	1,342,453	(94,917)
General revenues	<u>26,818</u>	<u>33,002</u>	<u>(6,184)</u>
Total revenues	<u>12,106,035</u>	<u>10,019,449</u>	<u>2,086,586</u>
Expenses			
Public defense	<u>8,737,843</u>	<u>8,094,342</u>	<u>643,501</u>
Total expenses	<u>8,737,843</u>	<u>8,094,342</u>	<u>643,501</u>
Change in net position	<u>\$ 3,368,192</u>	<u>\$ 1,925,108</u>	<u>\$ 1,443,084</u>

As indicated above, for the year ended June 30, 2022 net position increased by \$3,368,192 due primarily to an increase in City funding, this is despite an increase in personnel, benefits and contract services.

Total expenses for the year ended June 30, 2022 increased by \$643,501 as compared to the year ended June 30, 2021 due primarily to an increase in personnel, benefits, and contract services. Operating revenues for the year ended June 30, 2022 increased by \$2,086,586 when compared to operating revenues for the year ended June 30, 2021 due to an increase in City appropriation revenues.

Capital Assets

At June 30, 2022, OPD has \$69,275 (net of accumulated depreciation of \$162,634) invested in furniture, fixtures and equipment. During the year ended June 30, 2022, OPD disposed of furniture, fixtures and equipment of \$21,426.

Economic Factors and Next Year's Budget

The major factor affecting the budget is the local revenue received from court costs on fines and forfeitures, which includes fees received from traffic, municipal, juvenile and criminal courts. Additionally, OPD receives grants, bond funds, a city appropriation, and a district allotment from the Louisiana Public Defender Board.

ORLEANS PUBLIC DEFENDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022
(Continued)

Budgetary Highlights

As required by state law, OPD adopts the original budget prior to the commencement of the fiscal year to which the budget applies.

Budgetary Comparison Data
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 8,746,942	\$ 9,246,170	\$ 8,873,986
Total revenues	8,746,942	9,246,170	8,873,986
Expenses			
Operating expenditures	8,721,000	8,838,000	8,709,060
Capital expenditures	<u>20,000</u>	<u>60,000</u>	<u>64,043</u>
Total expenditures	8,741,000	8,898,000	8,773,103
Net change in fund balance	5,942	348,170	100,883
Fund balance, beginning of year	<u>2,679,680</u>	<u>2,679,680</u>	<u>2,682,407</u>
Fund balance, end of year	<u>\$ 2,685,622</u>	<u>\$ 3,027,850</u>	<u>\$ 2,783,290</u>

Budgetary Highlights, Continued

OPD amended its original budget for the year ended June 30, 2022 to reflect a decrease in Traffic and Municipal Court collections and an increase in Grants-fellowships. Also, OPD amended its original budget to increase expenditures-specifically for professional services and capital outlay for equipment.

Contacting OPD Financial Management

This financial report is designed to provide citizens, taxpayers, funding sources and creditors with a general overview of OPD's finances and demonstrate OPD's accountability for money it receives. If you have questions about this report or need additional information, contact Ms. Sierra Thompson, Interim Chief District Defender, at 2601 Tulane Avenue, Suite 700, New Orleans, Louisiana 70119.

FINANCIAL STATEMENTS

ORLEANS PUBLIC DEFENDER

**STATEMENT OF NET POSITION
For the Year Ended June 30, 2022**

ASSETS

Current Assets

Cash and cash equivalents	\$ 937,918
Court costs on fines and forfeitures receivable	209,291
Appropriation and State receivable	5,301,117
Grants receivable	415,591
Reimbursements and application fees receivable	<u>37,200</u>
Total Current Assets	<u>6,901,117</u>

Noncurrent Assets:

Capital assets, net	<u>69,275</u>
Total Noncurrent Assets	<u>69,275</u>

Total Assets	<u><u>6,970,392</u></u>
---------------------	-------------------------

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	<u>44,138</u>
Total Current Liabilities	<u>44,138</u>

Long-Term Liabilities

Compensated absences	<u>97,341</u>
Total Long-Term Liabilities	<u>97,341</u>
Total Liabilities	<u>141,479</u>

Net Position

Net investment in capital assets	71,669
Restricted	44,746
Unrestricted	<u>6,712,498</u>
Total Net Position	<u>6,828,913</u>

Total Liabilities and Net Position	<u><u>\$ 6,970,392</u></u>
---	----------------------------

The accompanying notes are an integral part of the financial statements.

ORLEANS PUBLIC DEFENDER

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

Program Revenues	
District assistance funds	\$ 2,626,730
City appropriation	6,740,195
Court costs on fines and forfeitures	1,464,756
Operating grants	1,058,943
Bond funds	186,284
Reimbursements and application fees receivable	1,929
Probation assessments	<u>380</u>
Total Program Revenues	<u>12,079,217</u>
 General Revenues:	
Contributions	26,818
Total Revenue	<u>26,818</u>
 Net program revenues	26,818
 Total Public Support and Revenues	<u>12,106,035</u>
 Expenses	
Public Defense:	
Personnel services and benefits	6,764,238
Professional development	50,347
Other operating costs	1,903,664
Depreciation	<u>19,594</u>
Total Expenses	<u>8,737,843</u>
 Change in Net Position	3,368,192
 Net Position at Beginning of Year	<u>3,460,721</u>
 Net Position at End of Year	<u><u>\$ 6,828,913</u></u>

The accompanying notes are an integral part of the financial statements.

ORLEANS PUBLIC DEFENDERS

BALANCE SHEET - GOVERNMENTAL FUND
For the Year Ended June 30, 2022

	<u>General Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 937,918
Court costs on fines and forfeitures receivable	209,291
District assistance funds receivable	106,420
City appropriation receivable	<u>1,573,799</u>
Total assets	<u>2,827,428</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Current Liabilities:	
Accounts payable	<u>44,138</u>
Total liabilities	44,138
 <u>FUND BALANCE</u>	
Restricted	44,746
Unassigned	<u>2,738,544</u>
Total fund balance	<u>2,783,290</u>
Total liabilities and fund balance	<u>\$ 2,827,428</u>

The accompanying notes are an integral part of the financial statements.

ORLEANS PUBLIC DEFENDERS

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENT FUND
TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2022

Total fund balance - Governmental Fund		\$ 2,783,290
Amount reported the governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
Cost of capital assets	231,909	
Accumulated depreciation	<u>(162,634)</u>	69,275
Receivables not available to meet the liabilities of the current period may not be included as governmental fund revenue or receivables:		
City of New Orleans appropriation receivable	3,592,597	
Grant receivable	<u>481,092</u>	4,073,689
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund:		<u>(97,341)</u>
Net position of governmental activities		<u>\$ 6,828,913</u>

The accompanying notes are an integral part of the financial statements.

ORLEANS PUBLIC DEFENDER

STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2022

	<u>General Fund</u>
REVENUES	
City appropriation	\$ 3,834,069
District assistance funds	2,626,730
Court costs on fines and forfeitures	1,464,756
Grants	733,020
Bond funds	186,284
Other revenue	26,818
Reimbursements and application fees	1,929
Probation assessments	380
Total Revenues	<u>8,873,986</u>
 EXPENDITURES	
Personnel services and benefits	6,755,049
Other operating costs	1,903,664
Professional development	50,347
Capital outlays	64,043
Total Expenditures	<u>8,773,103</u>
 Net Change in Fund Balance	 100,883
 Fund balance at Beginning of Year	 <u>2,682,407</u>
 Fund balance at End of Year	 <u>\$ 2,783,290</u>

The accompanying notes are an integral part of the financial statements.

ORLEANS PUBLIC DEFENDERS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN
FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2022

Total net change in fund balance		\$ 100,883
Amounts reported for governmental activities		
the Statement of Net Position are different because:		
The Governmental Fund reported capital outlays as		
expenditures whereas in the Statement of Activities		
these costs are depreciated over their estimated lives:		
Depreciation expense		(19,593)
Capital outlays		64,043
Receivables not available to meet the liabilities of the		
fiscal year may not be included as governmental fund		
revenue or receivables:		
Local government appropriation revenue	3,592,598	
Grant revenue	415,591	4,008,189
Receivables of the previous fiscal year that were not		
available to meet the liabilities of that year, but which		
were collected during the current fiscal year, are		
included as governmental fund revenue of the current		
fiscal year:		
Local government appropriation revenue	(686,472)	
Grant revenue	(83,576)	
Court costs on fines and forfeitures	(6,093)	(776,141)
In the statement of activities, the cost of compensated		
absences is measured by the amounts earned during		
the year, while in the governmental fund expenditures		
are recognized based on the amounts actually paid for		
leave used. This is the net amounts of vacation and sick		
leave used (earned) in excess of the amount earned		
(used) in the current period.		
		(9,189)
Change in net position of governmental activities		<u>\$ 3,368,192</u>

The accompanying notes are an integral part of the financial statements.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Note 1 – Background and Summary of Significant Accounting Policies

Background

Orleans Public Defenders (**OPD**), established in compliance with Louisiana Revised Statutes 15.146 et seq., provides counsel to represent indigents (needy individuals) in criminal, quasi-criminal, juvenile, municipal and traffic cases at the District Court level. The 41st judicial district encompasses the Parish of Orleans, Louisiana. All duties and responsibilities for the management of personnel, property and funds are by virtue of Act 307 those of the District Defender. Revenues to finance **OPD**'s operations are provided primarily by District Assistance Funds from the Louisiana Public Defender Board (LPDB), City of New Orleans budget appropriations, and court costs on fines imposed by the various courts within the district.

Summary of Significant Accounting Policies

A. Implementation of GASB Statements

OPD implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governmental fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance- Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance- amounts constrained to specific purposes by their provider (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by **OPD** itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless **OPD** takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts **OPD** intends to use for a specific purpose. Intent can be expressed by the District Defender or by an official to which the District Defender delegates the authority
- Unassigned fund balance- amounts that are available for any purpose. Positive amounts are reported only in the general fund

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, **OPD** considers restricted funds to have been spent first.

At June 30, 2022, **OPD** had no nonspendable, committed, or assigned fund balances.

OPD has also implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, effective fiscal year 2013. This standard

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources.

Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the position of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion is included in the same component of net position as the unspent proceeds.

- Restricted - This component reports those net position with externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

B. Basis of Presentation

The accompanying financial statements of **OPD** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

C. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, **OPD** is a part of the District Court System of the State of Louisiana. However, **OPD** operates autonomously from the State of Louisiana and independently from the District Court System. Therefore, **OPD** reports as an independent reporting entity and the financial statements include only the transactions of **OPD**.

D. Fund Accounting

OPD uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain **OPD** functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of **OPD** are classified as governmental.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

The governmental funds account for all of **OPD's** general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the funds from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of **OPD**. The following is a description of **OPD's** governmental fund:

- General Fund- the operating fund of **OPD** which accounts for all financial resources. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to **OPD**.

E. Basis of Accounting/Measurement Focus

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of **OPD**.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and net change in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

FFS report detailed information about **OPD**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, **OPD** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. **OPD** uses the following practices in recording revenues and expenditures.

- Revenues - Court costs on fines and forfeitures are recorded in the month the amounts are collected by the appropriate courts. Interest income on time deposits is recorded when the time deposits have matured.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

- Expenditures- Expenditures are recognized in the accounting period in which the liability is incurred.

F. Budgetary Data

OPD's Governing Authority as of July, 2008, is the District Defender by virtue of Act 307.

OPD utilizes the following budget practices:

- In the last quarter of the year, a budget for the following year is prepared and submitted to the Governing Authority for approval. The budget may be amended during the year, if requested, with the approval of the Governing Authority.
- The budget records are maintained in the accounting department with all other public records of this program and can be reviewed by making arrangements with the Governing Authority.
- The budget is based on prior year experience as to receipts and disbursements and takes into consideration increases in costs of services and supplies, taxes, insurance and equipment, as well as the increased costs of salaries and fringe benefits when raises and/or new positions are authorized. The budget as a whole is based on the amount of money that is available and the disbursements that are necessary to maintain the efficient operation of this program.
- Monthly financial reports are submitted to the Governing Authority, which in part list the amount of the budget that has been used for that period and indicates a favorable or unfavorable difference as to the budget amount attributed to the period of time being reported.
- All budgetary appropriations lapse at the end of the fiscal year and **OPD** does not use a system of encumbrance accounting.
- The budget for the general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing time deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. Under state law, **OPD** may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other State of the United States, or under the laws of the United States.

H. Capital Assets

Capital assets are stated at historical cost at the date of purchased or at fair market value at the date of donation, if donated. Additions, improvements, and expenditures greater than \$1,000 that significantly extend the useful life of an asset are capitalized.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Depreciation is provided over the estimated useful lives of assets using the straight-line method. The estimated useful lives of furniture, fixtures and equipment range from three (3) to seven (7) years (see NOTE 4).

I. Compensated Absences

Employees earn one and one-half (1 ½,) days of annual leave each month. Sick leave is earned at the rate of one (1) day each month. A maximum of 40 hours of annual leave and 120 hours of sick leave may be carried over to the subsequent year. Upon termination of employment, any unused accrued annual leave is payable to the employee while any unused sick leave is forfeited.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Cash

At June 30, 2022, **OPD** has cash in demand deposit accounts (book balances) totaling \$937,918. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of **OPD** in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of failure of a financial institution or counterparty, **OPD** would not be able to recover its deposits, investments or collateral securities that are in the possession of an outside party. At June 30, 2022, **OPD** has \$1,225,079 in deposits (collected bank balances) at two financial institutions. These deposits are secured from risk by \$250,000 of federal deposit insurance per bank, with the remaining balance collateralized by pledged securities held by the custodial bank in the name of **OPD**.

Note 3 – Grants Receivable

At June 30, 2022, **OPD** has grants receivable consisting of the following:

City of New Orleans Grant	\$ 75,591
Partners for Justice	40,000
Schusterman Family Foundation	<u>300,000</u>
Total	<u>\$ 415,591</u>

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

Note 4 – Capital Assets

Capital assets and depreciation activity as of and for the year June 30, 2022, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture, fixtures and equipment	\$ 189,292	\$ 64,043	\$ (21,426)	\$ 231,909
Less: Accumulated depreciation	<u>(164,467)</u>	<u>(19,593)</u>	<u>21,426</u>	<u>(162,634)</u>
Net capital assets	<u>\$ 24,825</u>	<u>\$ 44,450</u>	<u>\$ -</u>	<u>\$ 69,275</u>

Note 5 – Compensated Absences

The following schedule summarizes the change in long-term compensated absences for the year ended June 30, 2022:

Compensated absences at July 1, 2021	\$ 88,152
Additions	384,656
Deductions	<u>(375,467)</u>
Compensated absences at June 30, 2022	<u>\$ 97,341</u>

Note 6 – District Assistance Fund

During the year ended June 30, 2022, **OPD** was awarded and received grant funds from the Louisiana Public Defender Board's (LPDB) District Assistance Fund in the amount of \$2,626,730.

The District Assistance Fund is a grant-in-aid program intended to provide supplemental financial assistance in felony cases to district public defender boards that have a need for such supplemental funding and that are willing to comply with the standards, guidelines, and policies of the LPDB.

Funding under the program is being provided to assist qualified districts in improving the quality of indigent defense on a continuous basis especially with respect to the following major goals:

- 1) To lower attorney caseloads to levels consistent with LPDB and national caseload standards.
- 2) To increase the pool of qualified attorneys certified under the LPDB's capital and appellate programs.
- 3) To provide more effective attorney unit support in the form of investigators, secretaries, and other forms of office support.
- 4) To improve criminal defense knowledge and skill through training, specialized continuing legal education, and better supervision; and
- 5) To defray expert witness/testing costs.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note 7 – Grants

OPD received grant funding from the following sources during the year ended June 30, 2021:

City of New Orleans	\$ 152,684
Department of Corrections	140,726
Yale University	50,000
Northwestern University	50,000
Greater New Orleans Foundation	31,200
Foundation for Louisiana	20,000
Ben & Jerrys - OPP Reform	5,000
Schusterman Family Foundation	600,000
Partners for Justice	<u>9,333</u>
Total	<u><u>\$ 1,058,943</u></u>

Note 8 – Operating Lease

OPD leases office space under a non-cancellable operating lease that ends June 30, 2022, with a monthly lease payment of \$24,500. **OPD** also leases three (3) copiers under non-cancellable operating leases that end February 28, 2022, with monthly lease payments totaling \$984. Future minimum lease payments under these leases are as follows:

For the Year Ending June 30	
2022	\$ 305,813
2023	<u>24,500</u>
Total	<u><u>\$ 330,313</u></u>

Note 9 – Classification of Net Position

On the GWFS, net position is separated into three categories: net investment in capital assets, restricted, and unrestricted.

The restricted balance on the GWFS represents the portion of previously recognized grant revenues for which donor-imposed restrictions have not yet been met. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government considers restricted funds to have been spent.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

On the GWFS, restricted net position as of June 30, 2022, consists of the following:

Expert fees	\$	7,879
Newman's Own		3,685
Fellowships		<u>33,182</u>
 Total	 \$	 <u>44,746</u>

Note 10 – Governmental Fund Revenues and Expenditures

For the year June 30, 2022, the major sources of governmental fund revenues and expenditures were as follows:

Revenues		
State Government		
Appropriations - general	\$	2,626,730
Grants		<u>307,486</u>
Total		<u>2,934,216</u>
Local Government		
Appropriations - general		3,834,069
Statutory fines, forfeitures, fees court costs, and other		<u>1,652,079</u>
Total		<u>5,486,148</u>
Other Grants and Contributions		
Non-profit organizations		425,534
Other		<u>26,818</u>
Total		<u>452,352</u>
Charges for Services		<u>1,270</u>
Total revenues	\$	<u>8,873,986</u>

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

For the year ended June 30, 2022, the major sources of governmental fund revenues and expenditures were as follows:

Expenditures		
Personnel Services and Benefits		
Salaries	\$ 5,128,833	
Insurance	814,625	
Payroll taxes	418,186	
Other	<u>393,405</u>	
Total		<u>6,755,049</u>
Professional Development		
Dues, licenses, and registrations	<u>50,347</u>	
Total		<u>50,347</u>
Operating Costs		
Library and research	38,649	
Contract services - attorney/legal	1,083,057	
Contract services - other	109,888	
Lease - office	294,000	
Lease - autos and other	11,527	
Travel - transportation	8,800	
Insurance	62,076	
Supplies	34,246	
Repairs and maintenance	4,244	
Utilities and telephone	83,571	
Other	<u>237,649</u>	
Total		<u>1,967,707</u>
Total expenditures		<u>\$ 8,773,103</u>

Note 11 – Pension Plan

OPD's employees participate in the federal social security program. **OPD** is required to remit an amount to the Social Security Administration equal to the employee's contribution up to an established limit. **OPD** does not guarantee any of the benefits granted by the Social Security Administration.

ORLEANS PUBLIC DEFENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

Note 12 – Risk Management

OPD is exposed to various risks of loss related to torts, theft of, and damage to and destruction of assets for which **OPD** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Note 13 – Date of Management’s Review

Management has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued and noted no subsequent events or transactions that occurred after the financial statement date requiring accrual or disclosure.

Note 14 – Covid 19

OPD's operations may continue to be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on OPD's subsequent financial statements. Possible effects may include, but not limited to, disruption of OPD's operations and related revenue, unavailability of products and supplies used in operations and possible decline in assets held by OPD, including property and equipment.

Supplementary Information

ORLEANS PUBLIC DEFENDERS

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive/ (Negative)</u>
Revenues				
District assistance funds	\$ 3,000,000	\$ 3,000,000	\$ 2,626,730	\$ (373,270)
City appropriation	3,426,442	3,834,070	3,834,069	(1)
Court costs on fines and forfeitures	1,717,000	1,438,000	1,464,756	26,756
Grants	400,000	750,000	733,020	(16,980)
Bond funds	168,000	185,000	186,284	1,284
Reimbursements and application fees	5,000	9,000	1,929	(7,071)
Probation assessments	500	100	380	280
Other revenue	30,000	30,000	26,818	(3,182)
	<u>8,746,942</u>	<u>9,246,170</u>	<u>8,873,986</u>	<u>(372,184)</u>
Total revenues				
Expenditures				
Personnel services and benefits				
Salaries	5,200,000	5,200,000	5,128,833	71,167
Accrued leave	380,000	380,000	384,656	(4,656)
Hospitalization insurance	850,000	850,000	814,625	35,375
Payroll taxes	400,000	400,000	418,186	(18,186)
Workers' compensation	10,000	10,000	8,749	1,251
Professional development	40,000	50,000	50,347	(347)
Other operating costs:				
Contract services - attorneys/legal	933,000	1,050,000	1,083,057	(33,057)
Contract services - other	74,000	74,000	109,888	(35,888)
Lease - building	294,000	294,000	294,000	-
Lease - equipment	15,000	15,000	11,527	3,473
Supplies	50,000	50,000	34,246	15,754
Travel and lodging	25,000	10,000	8,800	1,200
Insurance	60,000	60,000	62,076	(2,076)
Library and research	40,000	40,000	38,649	1,351
Utilities and telephone	50,000	80,000	83,571	(3,571)
Repair and maintenance	10,000	10,000	4,244	5,756
Other	290,000	265,000	173,606	91,394
Capital outlays	20,000	60,000	64,043	(4,043)
	<u>8,741,000</u>	<u>8,898,000</u>	<u>8,773,103</u>	<u>124,897</u>
Total expenditures				
Net change in fund balance	5,942	348,170	100,883	(247,287)
Fund balance - June 30, 2021	<u>2,679,680</u>	<u>2,679,680</u>	<u>2,682,407</u>	<u>2,727</u>
Fund balance - June 30, 2022	<u>\$ 2,685,622</u>	<u>\$ 3,027,850</u>	<u>\$ 2,783,290</u>	<u>\$ (244,560)</u>

ORLEANS PUBLIC DEFENDER

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF DISTRICT DEFENDER
For the Year Ended June 30, 2022**

Chief District Defender Name: Derwyn D. Bunton

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 137,000
Benefits - health insurance	9,183
Benefits - payroll taxes	10,481
Mobile phone	624
	<u>\$ 157,288</u>

ORLEANS PUBLIC DEFENDERS

**JUSTICE SYSTEM FUNDING SCHEDULE-RECEIVING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
For the Year Ended June 30, 2022**

Cash Basis Presentation

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 06/30/2022
Receipts From:		
Orleans Parish Criminal District Court- Application Fees	851	1,175
Orleans Parish Criminal Sheriff-Criminal Bond Fees	7,924	7,680
Orleans Parish Criminal Sheriff-Bail Bond	62,960	98,102
Municipal & Traffic Court of New Orleans- Seat Belt	14,913	10,765
Municipal & Traffic Court of New Orleans- Traffic Fines	161,636	184,772
Municipal & Traffic Court of New Orleans- Municipal	2,601	2,805
Total Receipts	250,884	305,299

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Chief District Defender
Orleans Public Defenders
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of **Orleans Public Defenders (OPD)**, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise **OPD's** basic financial statements and have issued our report thereon dated February 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **OPD's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **OPD's** internal control. Accordingly, we do not express an opinion on the effectiveness of **OPD's** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **OPD's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

OPD's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the **OPD's** response to the finding identified in our audit and described in the accompanying schedule of findings. The **OPD's** response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruno & Tervalon, LLP
New Orleans, Louisiana

February 1, 2023

ORLEANS PUBLIC DEFENDERS

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2022**

We have audited the financial statements of Orleans Public Defenders as of and for the year ended June 30, 2022, and have issued our report thereon dated February 1, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of and for the year ended June 30, 2022 resulted in unmodified opinions.

Section I. Summary of Auditors' Results

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: None reported Material weaknesses: No
- B. Noncompliance which is material to the financial statements: No
- C. Significant deficiencies in internal control over major programs: Not applicable Material weaknesses: Not applicable
- D. The type of report issued on compliance for major programs: Not applicable
- E. Any audit findings which are required to be reported under *the Uniform Guidance*: Not applicable
- F. Major programs: Not applicable
- G. Dollar threshold used to distinguish between Type A and Type B programs: Not applicable
- H. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: Not applicable
- I. A management letter was issued: No

Section II. Findings – Financial Statement Audit

2022-001 Late Submission of Audit Report to Legislative Auditor

Fiscal Year Finding Originated: 2022

Condition:

Orleans Public Defenders' audit report for the fiscal year ending June 30, 2022 was not completed within the six-month deadline as per R. S. 24:513 A(5)(a)(i).

Criteria:

LSA-R.S.24.513 states that "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year. "The Orleans Public Defenders' audit report should be submitted to the Louisiana Legislative Auditor by December 31st each year.

ORLEANS PUBLIC DEFENDERS

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2022**

Cause:

The financial information was not complete at the due date.

Effect:

Management did not comply with the requirements of R. S. 24:513 A(5)(a)(i).

Recommendation:

The audit report should be submitted to Louisiana Legislative Auditor by the December 31st deadline.

Management's Response:

We will prioritize effective communication and follow-through with our auditor to ensure delivery of requested documentation in order that the audit report maybe submitted in a timely.

ORLEANS PUBLIC DEFENDERS

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2022

Section I. Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II. Federal Award Findings and Questioned Costs

Not applicable.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Chief District Defender
Orleans Public Defenders
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Orleans Public Defenders and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. The Non-Profit's management is responsible for those C/C areas identified in the SAUPs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

We performed the above procedures and noted no exceptions.

- b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

We performed the above procedures and noted no exceptions.

- c. **Disbursements**, including processing, reviewing, and approving.

We performed the above procedures and noted no exceptions.

- d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

We performed the above procedures and noted no exceptions.

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the above procedures and noted no exceptions.

- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

We performed the procedures above and noted no exceptions:

- g. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage. (e.g., determining the reasonableness of fuel card purchases).

We performed the above procedures and noted no exceptions.

- h. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We performed the procedures above and noted no exceptions.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations and, (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We performed the above procedures and noted one exception Noted.

OPD did not have any policies and procedures related to Ethics in the Office Policy Manual.

Response: Though we comply with the State Public Defender's policies and procedures, we do acknowledge that an ethics policy is not included within our handbook. We will revise the handbook accordingly and within an appropriate timeframe to include a comprehensive ethics policy.

- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We performed the above procedures and noted no exceptions.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the above procedure and noted no exceptions.

- l. Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the above procedures and noted no exceptions.

Board or Finance Committee

- 2) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a.** Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the procedure above and noted no exceptions.

- b.** For those entities reporting on the governmental accounting model, observe whether the minutes reference or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

We performed the procedure above and noted no exceptions.

- c.** For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

We performed the above procedures and noted no exceptions.

Bank Reconciliations

- 3) Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a.** Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

We performed the procedures above and no exceptions noted.

- b.** Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged): and

We performed the procedure above and no exceptions noted.

- c.** Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the procedure above and noted no exceptions.

Collections

- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are segregated at each collection location such that:

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

We performed the above procedures and noted no exceptions.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We performed the above procedures and noted no exceptions.

- c. Each employee responsible for collecting cash is not responsible for posting collection entries to general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposits.

We performed the above procedures and noted no exceptions.

- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

We performed the above procedures and noted no exceptions.

- 6) Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We performed the above procedures and noted no exceptions.

- 7) Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- e. Observe that receipts are sequentially pre-numbered.

We performed the procedure above and noted no exceptions.

- f. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We performed the procedure above and noted no exceptions.

- g. Trace the deposit slip total to the actual deposit per the bank statement.

We performed the procedure above and noted no exceptions.

- h. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

We performed the procedure above and noted no exceptions.

- i. Trace the actual deposit per the bank statement to the general ledger.

We performed the procedure above and noted no exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than
- 9) For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- j. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We performed the procedure above and noted no exceptions.

- k. At least two employees are involved in processing and approving payments to vendors.

We performed the procedure above and noted no exceptions.

- l. The employee responsible for processing payments is prohibited from adding/ modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

We performed the procedure above and noted no exceptions.

- m. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We performed the procedure above and noted no exceptions.

- 10) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- n. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

We performed the procedure above and noted no exceptions.

- o. Observe whether the disbursement documentation included evidence (e.g., initial/ date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedure above and noted no exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (card) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We performed the procedure above and noted no exceptions.

- 12) Using the listing prepared by management randomly select 5 cards (or all cards if less than 5 that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- p. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases exception reports for excessive fuel card usage) was reviewed and approved, in writing by someone other than the authorized card holder. (Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)

We performed the procedure above and noted no exceptions.

- q. Observe that finance charges and late fees were not assessed on the selected statements.

We performed the procedures above and noted no exceptions.

- 13) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We performed the procedure above and noted no exceptions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- r. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

We performed the above procedures and noted no exceptions.

- s. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identified precisely what was purchased.

We performed the above procedures and noted no exceptions.

- t. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the name of those individuals participating and other documentation required by written policy (procedure #1h).

We performed the above procedures and noted no exceptions.

- u. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures above and noted no exceptions.

Contracts

- 15) Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- v. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We performed the procedures above and noted no exceptions.

- w. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We performed the procedure above and noted no exceptions.

- x. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

We performed the procedure above and noted no exceptions.

- y. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We performed the procedure above and noted no exceptions.

Payroll and Personnel

- 16) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- 17) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- z. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the procedure above and noted no exceptions.

- aa. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

We performed the procedure above and noted no exceptions.

- bb. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

We performed the procedure above and noted no exceptions.

- 18) Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

We performed the procedure above and noted no exceptions.

- 19) Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

We performed the procedures above and no exceptions.

Ethics

- 20) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- cc. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We performed the procedures above and noted the following exceptions:

OPD was missing documentation for one employee that the employee has completed one hour of ethics training during the fiscal period.

Response: We will review existing compliance procedures and make adjustments where necessary. Additionally, we will continuously monitor the progress of all staff, to ensure we are in total compliance.

- dd. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

We performed the procedures above and no exceptions noted.

Debt Service

- 21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

We performed the procedure above and noted no exceptions.

- 22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We performed the procedure above and noted no exceptions.

Fraud Notice

- 23) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedure above and noted no exceptions.

- 24) Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedure above and noted no exceptions.

Information Technology Disaster Recovery/Business Continuity

- 25) Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- ee. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedures above and noted no exceptions.

- ff. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the above procedures and noted no exceptions.

- gg. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure above and noted no exceptions.

Sexual Harassment

- 26) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

We performed the procedures above and noted the following exceptions:

OPD was missing documentation for one employee that the employee completed one hour of sexual harassment training during the fiscal period.

Response: We will review existing compliance procedures and make adjustments where necessary. Additionally, we will continuously monitor the progress of all staff, to ensure we are in total compliance.

- 27) Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

We performed the procedures above and no exceptions noted.

- 28) Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

We performed the procedures and no exceptions noted.

- a. Number and percentage of public servants in the agency who have completed the training requirements;

None

- b. Number of sexual harassment complaints received by the agency;

None

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

None

- d. Amount of time it took to resolve each complaint.

None

We were engaged by Orleans Public Defender this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Orleans Public Defender and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Bruno & Tervalon, LLP

New Orleans, LA

February 1, 2023